

**FLOW TRADERS Q421 RESULTS**

Amsterdam, the Netherlands – Flow Traders N.V. (Euronext: FLOW) announces its unaudited Q421 results.

**Highlights**

- Market ETP Value Traded increased 20% quarter-on-quarter and by 5% FY21 vs FY20
- Flow Traders ETP Value Traded increased 13% quarter-on-quarter and by 2% FY21 vs FY20
- Flow Traders NTI increased to €80.3m in Q421 reflecting a more active market environment. This compares to NTI of €67.1m in Q321 and €130.3m in Q420. FY21 NTI was €384.0m vs €933.4m in FY20
- Total operating expenses of €55.4m incurred in Q421, which included €0.6m of COVID-related one-off expenses. Employee expenses included €8.6m impact of prior year variable remuneration
- 613 FTEs as at 31 December 2021 compared to 603 as at 30 September 2021 and 554 as at 31 December 2020
- Q421 Normalized EBITDA reached €32.6m with a margin of 41% contributing to FY21 Normalized EBITDA of €175.3m with a margin of 46%. Reported Q421 EBITDA reached €24.9m with a margin of 31% contributing to FY21 EBITDA of €159.4m with a margin of 41% reflecting the IFRS treatment of the share-based variable remuneration plans
- Q421 Net Profit amounted to €16.0m with Basic EPS of €0.37. FY21 Net Profit amounted to €114.9m with Basic EPS of €2.63
- Regulatory Own Funds Requirement (OFR) as at 31 December 2021 was €243m, resulting in excess capital of €240m as at 31 December 2021. Trading capital stood at €611m at the end of the fourth quarter
- Flow Traders proposes a final FY21 dividend of €0.35, implying a €1.35 total dividend for FY21 and a 51% dividend payout ratio. Payout ratio reflects a greater need to retain capital given expected increased trading opportunities ahead in strategic growth activities

**Financial Overview**

€million	Q421	Q321	FY21	FY20
<b>Net trading income</b>	<b>80.3</b>	<b>67.1</b>	<b>384.0</b>	<b>933.4</b>
EMEA (Europe)	59.8	42.7	245.8	552.5
Americas	8.1	10.0	74.4	283.8
APAC	12.4	14.4	63.8	97.2
<b>Net trading income</b>	<b>80.3</b>	<b>67.1</b>	<b>384.0</b>	<b>933.4</b>
Employee expenses <sup>1</sup>	37.0	35.0	156.2	274.4
Technology expenses	13.2	12.4	49.7	46.2
Other expenses	4.6	4.3	16.3	14.7
One-off expenses	0.6	0.6	2.5	11.4
<b>Total operating expenses</b>	<b>55.4</b>	<b>52.2</b>	<b>224.7</b>	<b>346.8</b>
<b>EBITDA</b>	<b>24.9</b>	<b>14.9</b>	<b>159.4</b>	<b>586.6</b>
<b>Normalized EBITDA<sup>2</sup></b>	<b>32.6</b>	<b>24.6</b>	<b>175.3</b>	<b>534.7</b>
Depreciation / amortisation	3.9	3.8	15.2	14.2
Write off of (in) tangible assets	-	-	-	0.1
Results of equity-accounted investments	(0.5)	-	(0.6)	0.4
<b>Profit before tax</b>	<b>21.6</b>	<b>11.1</b>	<b>144.7</b>	<b>571.9</b>
Tax	5.5	2.4	29.8	107.4
<b>Net profit</b>	<b>16.0</b>	<b>8.7</b>	<b>114.9</b>	<b>464.5</b>
Basic EPS <sup>3</sup> (€)	0.37	0.20	2.63	10.26
Fully diluted EPS <sup>4</sup> (€)	0.35	0.19	2.52	9.81
EBITDA margin	31%	22%	41%	63%
Normalized EBITDA margin <sup>2</sup>	41%	37%	46%	57%

**Value Traded Overview**

€billion	Q421	Q321	Change	FY21	FY20	Change
<b>Flow Traders ETP Value Traded</b>	<b>410.2</b>	<b>362.6</b>	<b>13%</b>	<b>1,540.7</b>	<b>1,515.4</b>	<b>2%</b>
EMEA (Europe)	181.5	155.5	17%	703.3	767.3	(8%)
Americas	202.3	182.1	11%	740.6	671.8	10%
APAC ex China	26.4	25.0	5%	96.8	76.2	27%
<b>Flow Traders' non-ETP Value Traded</b>	<b>1,231</b>	<b>1,110</b>	<b>11%</b>	<b>4,209</b>	<b>3,695</b>	<b>14%</b>
<b>Market ETP Value Traded<sup>F</sup></b>	<b>10,666</b>	<b>8,853</b>	<b>20%</b>	<b>36,835</b>	<b>34,920</b>	<b>5%</b>
EMEA (Europe)	532	443	20%	2,035	2,039	0%
Americas	9,103	7,421	23%	31,056	29,541	5%
APAC	1,032	990	4%	3,744	3,339	12%
APAC ex China	344	330	4%	1,377	1,680	(18%)

**Regional Highlights****EMEA:**

- Strong trading performance across the region with increased trading activity as Flow Traders maintained its position as the leading liquidity provider in ETPs, both on- and off-exchange – #1 position in fixed income, equity and commodity ETFs
- Further build out of the single bond market making business with Flow Traders going live on both the Neptune and MarketAxess RfQ platforms. In addition, published a white paper entitled “*Beyond the inflection point: automation in fixed income trading*” which has been well-received across the market
- Crypto ETP listings in EMEA have grown sharply quarter-on-quarter and Flow Traders is a liquidity provider across 125 listings with a c. 45% market share in Q4 and in 2021 as a whole
- Continued to drive the development of the digital asset and decentralized finance space through participating in D2X’s seed funding round, to build the first institutional-grade and regulated options and futures exchange for digital assets in Europe

**AMERICAS:**

- Continued strategic focus on the fixed income business as Flow Traders became a disclosed market maker on MarketAxess for high yield bonds in Q4. During the first full month active on MarketAxess and with only 200 counterparties on boarded, Flow Traders achieved the rank of 7th most active bond market maker by ticket count. This not only highlights Flow Traders’ pricing strength but also demonstrates that the recent fixed income investments are gaining traction
- Further momentum in ETF Lead Market Maker activities– 14 listings added in Q4 and 52 in total for 2021. Notable ESG LMMs in 2021 included full BNY Mellon suite (BKUS, BKIS, BKES), iShares (BECO), NorthernTrust (FEHY, FEDM), Janus Henderson (SXUS), Schwab (SAEF) and VanEck (GMET)
- Well prepared for the eventual launch of spot crypto ETFs in the US and Flow Traders has been sharing best practice from other markets with issuers and key stakeholders. Flow Traders is already a registered market maker for BITO, BTF, XBTF, BITS and recorded a significant primary and secondary market share on the first trading day of BITO
- Participation in MEMX’s second funding round again demonstrated Flow Traders’ dedicated, pro-active strategic ecosystem approach and follows the initial investment made in May 2020

**APAC:**

- Solid trading performance with elevated volatility levels across all asset classes – increased activity in fixed income driven by the China real estate debt market
- Strengthened and deepened the existing partnership with the HKEx by acting as liquidity provider on the new MSCI China A50 connect future, which is constructed from the MSCI China A Index, a broad-based benchmark index which captures large- and mid-cap China A-shares
- Work continued on preparations to access the on-shore China market while awaiting regulatory feedback from the Chinese authorities with respect to the recent QFII application
- Assisting the ASX with the anticipated forthcoming launches of the first Bitcoin and Ethereum ETFs as Flow Traders remains at the forefront of enabling this fast growing crypto asset class

## Outlook

- In order to accelerate the structural growth in the core ETP business as well in fixed income and digital assets, guidance remains for a maximum growth in fixed operating expenses of c. 15% for 2022. FTEs are expected to grow by c. 10% in 2022
- Substantial progress has been made in the detailed and thorough review of Flow Traders' capital structure as announced at the time of the previous trading update and Flow Traders will remain focused on all arising opportunities to create shareholder value through systematic capital management going forward

## Management Board Comments

### **Dennis Dijkstra, CEO, stated:**

*"In 2021 as a whole, we made considerable progress in our three key strategic growth focus areas relating to equities, fixed income and digital assets. 2021 saw record ETP value traded versus last year, which in itself was a record for our business and our institutional counterparty base has grown to more than 2,000. The expansion of our single bond market making business continues apace and we have broadened and deepened our presence in the digital assets space. Despite increasing competition for talent in the market, we have been successful in attracting and recruiting the best talent and have welcomed a large number of new colleagues in the past year.*

*"We also maintained our conservative capital position while implementing this growth strategy. From a regulatory standpoint, we continue to advocate for a level playing field in terms of capital requirements across our global ecosystem. Remaining cognisant of our trading capital position as well as the growth opportunities ahead, we have elected to pay a €0.35 per share final dividend to shareholders.*

*"On behalf of the entire Management Board, I would like to take the opportunity to pay tribute to the professionalism, resilience, and loyalty of all our colleagues globally this past year. We are immensely grateful to our colleagues for their tremendous hard work which allowed for our considerable operational and strategic achievements and successes in 2021."*

### **Folkert Joling, Chief Trading Officer, added:**

*"Heightened levels of market activity delivered a stronger trading performance in the fourth quarter. However, the factors evident during Q3 once again impacted trading results in the US in this quarter. We have continued to expand our market making capabilities in fixed income, crypto, FX and precious metals as we broaden our trading activities even further across different products and asset classes. Flow Traders continues to believe that US investors should have access to an array of robust crypto products such as the crypto future contracts, the recently launched future-based crypto ETFs, as well as the highly anticipated spot crypto ETFs with all the protections and oversight offered by the SEC and other US regulators. Looking ahead, in addition to crypto, we are currently working to expand our fixed income business in APAC and naturally expect even greater contributions from all our non-ETP market making activities throughout the course of 2022."*

### **Mike Kuehnel, Chief Financial Officer, added:**

*"It was pleasing to see further proof points in our dedicated strategic ecosystem approach as we completed investments in MEMX and D2X as we leverage the ongoing technological shifts in the financial markets as well as seeking to accelerate our strategy. We have made substantial progress in the detailed and thorough review of our capital structure. We continue to see multiple attractive growth opportunities ahead and accordingly growing trading capital is a key focus for us given its ability to generate attractive returns. This will allow us to capture these growth opportunities to the fullest extent. From a cost perspective, our guidance remains the same as last year as we further invest in the business in 2022 and we maintain fully committed to firm cost control irrespective of our multi-year growth agenda. Lastly, work has also commenced to update and further refine our strategic roadmap and this will be shared with stakeholders at a capital markets day to be held during the first half of this year."*

### **Preliminary Financial Calendar**

4 March 2022	Release 2021 Annual Report
31 March 2022	Start silent period ahead of Q122 trading update
22 April 2022	Release Q122 trading update (no analyst conference call)
29 April 2022	AGM
3 May 2022	FY21 final dividend proposed ex-dividend date
4 May 2022	FY21 final dividend proposed record date
6 May 2022	FY21 final dividend proposed payment date
30 June 2022	Start silent period ahead of H122 results
22 July 2022	Release H122 results (inc. analyst conference call)

### **Analyst Conference Call and Webcast**

The Q421 results analyst conference call will be held at 10:00 am CET on Thursday 10 February 2022. The presentation will also be accessible via [www.flowtraders.com/investors/results-centre](http://www.flowtraders.com/investors/results-centre), where the presentation can be downloaded and the conference call can be followed via a listen-only audio webcast. A replay of the conference call will be available on the company website for at least 90 days.

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### **About Flow Traders**

Flow Traders is a leading global financial technology-enabled liquidity provider in financial products, historically specialized in Exchange Traded Products (ETPs), now expanding into other asset classes. Flow Traders ensures the provision of liquidity to support the uninterrupted functioning of financial markets. This allows investors to continue to buy or sell ETPs or other financial instruments under all market circumstances. We continuously grow our organization, ensuring that our trading desks in Europe, the Americas and Asia can provide liquidity across all major exchanges, globally, 24 hours a day. Founded in 2004, we continue to cultivate the entrepreneurial, innovative and team-oriented culture that has been with us since the beginning. Please visit [www.flowtraders.com](http://www.flowtraders.com) for more information.

**Notes**

1. Fixed employee expenses: Q421 – €13.5m; Q321 – €14.1m; FY21 – €53.7m; FY20 – €46.4m
2. Normalized EBITDA and margin is based on the standard 35% profit share of operating result across the various financial periods without any IFRS 2 adjustments for share-based payments. A reconciliation to reported EBITDA is presented below:

€million	Q421	Q321	FY21	FY20
<b>Normalized EBITDA</b>	<b>32.6</b>	<b>24.6</b>	<b>175.3</b>	<b>534.7</b>
Prior year share plans	8.6	7.9	27.3	3.3
Current year share plan deferral	(0.9)	(1.3)	(14.4)	(55.2)
Variable remuneration composition	-	3.1	3.1	-
<b>Reported EBITDA</b>	<b>24.9</b>	<b>14.9</b>	<b>159.4</b>	<b>586.6</b>

3. Weighted average shares outstanding: Q421 – 43,177,846; Q321 – 43,570,015; FY21 – 43,699,300; FY20 – 45,276,693. 43,036,366 shares outstanding at 31 December 2021
4. Determined by adjusting the basic EPS for the effects of all dilutive share-based payments to employees
5. Source – Flow Traders analysis

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Efficiencies are net, before tax and on a run-rate basis, i.e. taking into account the full-year impact of any measure to be undertaken before the end of the period mentioned. The expected operating efficiencies and cost savings were prepared on the basis of a number of assumptions, projections and estimates, many of which depend on factors that are beyond Flow Traders' control. These assumptions, projections and estimates are inherently subject to significant uncertainties and actual results may differ, perhaps materially, from those projected. Flow Traders cannot provide any assurance that these assumptions are correct and that these projections and estimates will reflect Flow Traders' actual results of operations.

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